

49076

[29151/14/17]

No. 4.i

78

2/58

[EN CLAIR]

GENERAL DISTRIBUTION

Z 9151

5 AUG 1945

FROM PARIS TO FOREIGN OFFICEMr. Duff Cooper.
No. 395 SAVING.

D: [by bag] 3rd August, 1945.

3rd August, 1945.

R: 3.27 p.m. 4th August, 1945.

Repeated to: His Majesty's Consular Posts in France No. 42
Circular Saving,Algiers No. 7 Saving,
Tunis No. 6 Saving,
Rabat No. 6 Saving.

@@@ @@@ @@@

Situation Report No. 21.

Almost a year has now passed since the liberation of Paris and yet the political and economic structure of France has shown far less improvement than might have been expected. Unfortunately the Government machine has to a large extent functioned unsatisfactorily through lack of drive and experience, whilst in the absence of proper supplies of raw materials and coal it has been found impossible to reinstate industry on an efficient basis. Further public as a whole has failed to recover from evil effects of the occupation and with little guidance and encouragement from higher authority has been allowed to drift without any clear idea of its ultimate objectives or the best method of attaining them. This unhealthy state of fatigue and apathy, if allowed to continue unchecked, may lead to confusion and unrest and much will depend on the ability of General de Gaulle or his successor to handle the situation during the coming winter.

2/ In addition to other tribulations France is now faced with the complicated issue of a new Constitution and in the circumstances it is not perhaps surprising that she has so far been unable to deal with the problem in a practical and statesmanlike manner. Present situation is that during long and inconclusive debate in the Consultative Assembly from July 28th to 31st Government proposals for a referendum and their draft law governing the powers of the future Constituent Assembly were rejected. Majority voted in favour of a Sovereign Constituent Assembly, responsibility of Ministers before elected representatives of the people and need for greater measure of ministerial stability in France. Compromise proposed by Socialist Party, which attempted to set out referendum issue in clearer form and lay down future relationship between Government and Constituent Assembly and seemed to be acceptable to General de Gaulle as a basis of settlement, was refused by a small majority composed of the Right and Communists. Result of debate is that General de Gaulle finds himself in opposition to the Assembly without any positive decision having been taken by the latter. In view of the deadlock French Government will now presumably have to decide whether they revise their proposals in the light of the views of the Assembly or retain their original plan. In any case Consultative Assembly is about to adjourn and there is unlikely to be any further opportunity

/for

for debate. Some recommendations therefore will have to be submitted independently to the country. General de Gaulle has himself used threat of resignation, but it seems unlikely that it will be put into effect.

3 Trial of Marshal Pétain opened in Paris on July 23rd. He was charged with endangering security of the State and intelligence with the enemy. The Marshal made a general statement on the opening day, but has since refused to reply to any questions. During the sittings he affects to be unaware of what is taking place around him. Witnesses called for the Prosecution include Reynaud, Deladier, Lebrun, Blum and Herriot. Evidence for the Defence, including that of General Weygand, has just begun. There is little doubt that trial is not being conducted in a dignified manner. President of the Court has frequently displayed partiality against the accused. Evidence for the prosecution has so far covered little but the armistice period and with few exceptions has completely failed to deal with the more important period of collaboration later. It is generally thought that prosecution are handling the case badly and at times it is evident that witnesses are attempting to whitewash themselves rather than give evidence against the prisoner. Evidence so far provided is hardly sufficient to justify death penalty. It seems likely that trial will continue for some time yet. Return of Laval to France on August 2nd may have important effect.

4 Result of British elections came as a complete surprise to French public. First reaction has been probable effect on British Foreign policy, - and Anglo-French relations in particular. General feeling is that British policy towards Greece, Spain, Italy and possibly Belgium may undergo some change and that relations with Soviet Russia may draw closer. As regards France sincere hope exists that opportunity will now be taken to clear away all misunderstandings and conclude an Anglo-French alliance. There has been noticeable nervousness that the new British Government may treat Germany with undue leniency.

5 Little of interest has occurred in the field of Foreign Affairs. Questions discussed at Potsdam have given rise to much Press speculation and continued absence of France from such conferences still wrangles. Point, however, which seems to cause most bitterness is failure of France to secure representation on the Reparation Commission. Recent leakage of information about allocation of proceeds of reparations, whereby France may only expect to obtain little more than 1% of her just claims, has still further aggravated the situation.

6 For the time being the Levant has been relegated to the background owing to lack of sensational developments and the greater importance assumed by internal affairs. Note of optimism exists that controversy is of a temporary character and that time is not far off, when friendly settlement will be reached by parties concerned.

7 Stage is now set for opening of Tangier conversations in Paris. After some delay British and French Representatives at

/Moscow

- 3 -

Moscow addressed notes to Soviet Government on July 28th expressing hope that they would attend these talks on August 6th. No reply has yet been received.

In view of delimitation of French zones of occupation in Germany and Austria, General de Lattre de Tassigny, Leader of the 1st French Army, has been appointed Inspector General of the Army. General Koenig has been nominated Commander-in-Chief in Germany and General Bethouart is proceeding in a similar capacity to Austria. It is believed that General Legentilhomme will succeed General Koenig as Military Governor of Paris.

49133

[Z 9814/216/17] No. 4.i

2/61

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT

FRANCE.

August 23, 1945.

CONFIDENTIAL

ARCHIVE

SECTION 1.

[Z 9814/216/17]

Copy No. 3

Mr. Duff Cooper to Mr. Bevin.—(Received 23rd August.)

(No. 924.)

Sir,

Paris, 20th August, 1945.

I HAVE the honour to transmit to you herewith copy of a memorandum by the labour adviser to this embassy on reconstruction problems in France.

I have, &c.

.DUFF COOPER.

Enclosure.

(Report No. 37.)

TWO tremendous tasks face the French people, the repair of war damage and the re-equipping of agriculture and industry. In addition to the reconstruction of ports and railways, it is estimated that there are a million and a quarter houses to be rebuilt or repaired, but this is not the full story. Between the two wars comparatively few houses and flats were built in France, and housing accommodation was, therefore, difficult to obtain even before 1939. This leeway must be made up and shelter must also be provided for the immigrants who must be brought in to counteract the declining birthrate and increase the national labour force. The estimated total cost of reconstruction is 2,000 milliards of francs.

Agriculture, which is still by far the biggest French industry, has suffered a setback during the four years of occupation, but it was in poor shape even before the war. The metal and other manufacturing industries must also make great efforts to bring up to date their antiquated machine tool equipment. M. Armengaud, of the Ministry of Industrial Production, who has recently visited America to buy machine tools, tractors, locomotives, &c., has been impressed by what he saw of American production methods, and he uttered a grave warning this week on the need for modernising French production methods with a view to bringing cost prices nearer those of the Allies if France is to take Germany's former place in the world markets.

In order to cope with this programme the labour force is to be increased by 3 million. The Government has asked for 1½ million prisoners of war by July 1946 for employment as follows:—

Reconstruction and demining	...	...	1,400,000
Agriculture	...	...	150,000
Forestry	...	...	80,000
Mines	...	...	50,000
Pit props	...	...	25,000
Electrical industries	...	...	20,000
Electricity schemes	...	...	15,000
Various	...	...	10,000
			<hr/> 1,750,000

Already 175,000 are working and another 250,000 will be employed by the autumn. These prisoners of war will be employed as labourers at the French labourers' rate of pay. They will receive 5 fr. a day, another 5 fr. will be saved for them, and the balance, after a deduction of the cost of their keep, will be taken by the Treasury as an offset to the occupation costs imposed by the Germans.

The balance of 1½ million will consist of immigrants. For many years France has depended on immigration to counter-balance its declining birthrate. Before the war this country found a home for from 2-2½ million foreigners, of whom 1½ to 1½ million were workers. These immigrants came mainly from Italy, Spain and Poland, and many of them worked in agriculture, forestry, coalmining and the iron and steel industries. Some returned to their native countries in 1939, but the majority remained in France. General de Gaulle, in a recent broadcast,

[68-153]

promised a new immigration policy before the end of 1945. Where will France find 1½ million white people willing to start life in a new country under difficult conditions of living and accommodation? The Poles and Italians will be able to find work in their own badly-damaged countries for some years to come, and Spain seems to be the most likely field of recruitment. In any event one imagines the process must be a slow one.

In the next month or so the existing national labour pool will be increased as the 1,600,000 French prisoners of war and industrial and political deportees, who are now nearly all back from Germany, resume work. Most of them will return to their old employers.

When all these workers have been absorbed, therefore, the French working population, which at the census of 1936 numbered 20½ million, will be increased to something like 23 million.

It will have been noticed that the great majority of the prisoners of war are needed for reconstruction and demining. Their absorption into building and property repair work will be a slow process since, owing to the coal shortage, the production of building materials (brick, tiles, cement, lime, glass, &c.) is greatly reduced. The training of skilled building craftsmen as building instructors has already begun in Paris. These instructors will be drafted to different parts of the country to train other men who will supervise the French and prisoner of war labour employed on the different contracts.

400,000 of the French repatriates are agricultural workers. Most of them will return to the land, although some, who during captivity have worked in factories and discovered that industrial work is equally remunerative and less arduous and responsible than agricultural work, may move to the towns. In addition 150,000 prisoners of war will be allotted to agriculture, and later a proportion of the immigrants. An urgent problem in this industry will be to modernise equipment. French tractors (in poor condition) at the moment number about one-fifth of the British tractor park, and there is also a shortage of other modern agricultural machines. Some tractors are being bought abroad and a ten-year programme for the manufacture of modern equipment has already been announced by the Government, but it cannot be commenced just yet owing to the lack of raw materials and coal.

The heavy iron and steel industries are working at a low production level. Iron ore is available in the country but most of the blast furnaces are not in operation because of the shortage of coke and coal. One of the first tasks of the mechanical engineering industry will be to produce modern machine tools. It is expected that some of the best machine tools which were stolen by the Germans will be recovered, but even if all of them were brought back, industry would still be inadequately equipped for post war competitive conditions. The Government has announced a five-year production plan for the important automobile industry, which before the war, found employment for nearly 300,000 workpeople, but it is already behind schedule.

The textile industries of the north are said to have appreciable supplies of wool and cotton, but are threatened with a slackening of production because of the lack of coal. In peace-time these industries, together with the clothing industries which depend on them, found employment for 1½ million workpeople and were, therefore, very important in the French economy.

There are naturally severe shortages of raw materials in France, but some of the principle French industries, particularly iron and steel production, building and engineering, could be working at a higher level if the coal shortage could be eased. Before the war one-third of the country's consumption was imported, and France herself produced about 45 million tons. For these tasks she will need even more coal than she consumed before the war. Present production is at the rate of 30 million tons a year, and with no early possibility of substantial imports, the country can dispose of less than one-half of its pre-war needs. Some help can be expected from German coalfields a little later on, and supplies to the tune of 300,000 tons a month are promised from the United States and to a smaller extent from Great Britain, but although these may tide the country over the coming winter they will afford no margin for the expansion of industry. The Government is tackling this grave problem: 15,000 prisoners of war have already been put into the pits and another 35,000 are to follow. Miners are not being called up for military service and those in the forces are being demobilised. These steps, which will raise the number of underground workers to about the pre-war figure of 150,000, will help to increase coal output, but unless adequate supplies of food and clothing can be provided for the miners (here again the Allies have given some help), and the mechanical equipment,

which is in bad shape after four years of intensive use, repaired or replaced, pre-war production figures will not be achieved. The miners themselves are in my opinion working fairly well, but their morale is low, they go on strike and stay away from work much too readily. The Government has made a number of concessions in rates of pay and pensions, and seems determined to raise the miners' working and living conditions. Increased supplies of electrical power would greatly help industry at this juncture, but the big electricity schemes now in course of construction will not be in operation for 2-3 years. In the meantime one paper has suggested that power should be taken from the German electricity system.

The Government is determined that any failure to reconstruct France and re-equip her industries during the next few years shall not be due to a shortage of man-power. It is doing all it can to solve the very serious coal problem on which the revival of certain large industries depends, and is importing machine tools and raw materials as fast as possible. The problem of rehousing the population is also receiving attention and schemes for the manufacture of motor vehicles and agricultural equipment have been evolved. France is obviously greatly handicapped in the post war race for trade as compared with Great Britain and America who have built new factories and extended and modernised their industrial plants during the war. Will the French people be able to rise to the occasion? The newspapers have recently taken up the theme that in order to obtain the goodwill and help of her Allies, France must show that she is doing all in her power to overcome her difficulties. The popular enthusiasm which followed the liberation passed quickly and after a hard winter and with no immediate prospect of an improvement in the food situation, the people have become apathetic. The German occupation and underfeeding have sapped their vitality and it may be a year or two before food supplies become more varied and abundant and the national vigour is restored. The immediate prospect is therefore gloomy: a people with its physical and mental vigour impaired has to accomplish a herculean task quickly if it is to regain its old standing in the world. Some observers think that the effort required is beyond the nation's powers, but the French have surprised the world before now by their ability to recover from a set-back and may well do so again. They need all the help and sympathy of their Allies, however, and any vital supplies which can be spared for them, even at the cost of some sacrifice on our part, will, I feel sure, prove a good investment in the long run.

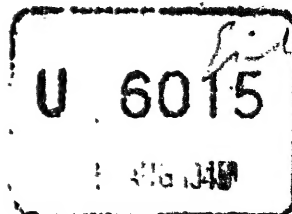
W. E. DAVIS.

Paris, 30th July, 1945.

50866

[U6015/3628/70]

No. 4.ii



2/64

53

The FRENCH AMBASSADOR called this morning in order to question me about the proceedings at Potsdam.

On the whole he seemed to be satisfied and did not voice any grievances. He began by expressing gratification at the invitation to the French Government to take part in the Council of Foreign Ministers. I asked him if his Government had yet given us their official acceptance, but he was unable to say. I drew his attention also to the inclusion of France on the Reparations Commission.

In regard to reparations, he did not seem to have any criticism to offer. I explained to him that it was impossible to say what reparations would amount to until a definition had been arrived at of the future German economy which would then give us an idea of the surplus of "removable" property. He did not put any question to me about the German fleet or merchant marine.

He asked me about the announcement appearing in the press this morning about the change in the Pacific commands. I told him that I could not give him any great detail in regard to this matter, but said that it involved an enlargement eastward of our South-East Asia Command and a division of responsibility in Indo-China. I referred him to Mr. Sterndale Bennett on this point.

He was unable to tell me whom his Government were likely to appoint as deputy for Monsieur Bidault on the Council of Foreign Ministers, but he agreed that he should be an official. We agreed that much would depend on Soviet representation but that everything should be done to make it as effective as possible.

I emphasised to Monsieur Massigli that the Russians had wished to discuss the Levant and international control of the Ruhr, but that we had refused to discuss these topics without the presence of the French.

Monsieur Massigli put some questions about the references to Roumania, Bulgaria, Hungary and Finland. I explained to him that our desire had been to have some declaration concerning Italy but that Marshal Stalin at every point tried to balance this by similar references to the satellite states. Both we and the American Government were resolved not to recognise the existing governments in those countries and had resisted the demand that we should enter into full diplomatic relations with them. The formula we had arrived at was that after we had fixed the terms of the peace treaty with Italy we would consider peace treaties with the other countries. In practice, I suppose that we should not sign these with governments whom we did not recognise as being representative. But if we could go as far as to sign peace treaties with them we could then of course enter into full diplomatic relations with them.

In regard to the sections of the communiqué dealing with Germany, he observed that these appeared to be based on the general directives to the Commanders-in-Chief, though there were some slight differences. I said that
these /

53 A

2/65

No. 4.ii

these sections had originated with papers submitted by Mr. Byrnes which had been thoroughly discussed in an Economic sub-Committee. The economic section had caused some difficulty, but I thought that the final text was satisfactory.

A.C.

4th August, 1945.

50866

[U 6023/3628/70]

No. 4.ii

[EN CLAIR]

GENERAL DISTRIBUTION

FROM PARIS TO FOREIGN OFFICE

Mr. Duff Cooper
No. 399 Saving

D.

5th August 1945

5th August 1945

R. 1.05 p.m. 6th August 1945

Repeated to Moscow No. 2 Saving
Washington No. 19 Saving

U 6023

0000000

5 AUG 1945

Following is summary of Press Conference given by
Minister of Information and Press Department of Ministry
of Foreign Affairs on Potsdam Conference.

Begins.

2. The solutions suggested by the Big Three on the majority of questions dealt with appear incomplete and transitory. In particular, the opposition between Americans and Russians regarding the regime to be applied to Austria does not appear to have been resolved. The Russians wish to treat Austria in the same way as Germany, i.e. as a conquered country, and impose reparations on her, while the Americans wish to accord her a privileged status. Moreover, the Three Great Powers have left the Straits question in suspense; and although there was much talk of reparations, their proposals on this subject are not distinguished for their clarity.

3. In regard to specific points, the French Government is satisfied with the constitution of a permanent Council of the Five Ministers of Foreign Affairs which will be concerned not only with drafting the Peace Treaties but also with studying suggestions or observations submitted to it. China's membership of a Council which is primarily intended to deal with European affairs is a guarantee of the Council's eventual participation in a Pacific settlement. The French Government also approves the decisions taken at Potsdam regarding the disarmament of Germany, the purge of Nazi elements, the policy of administrative decentralisation, and the help which it is proposed to give to local governments.

4. On the other hand, in spite of the benefits which France expects to draw from these arrangements, the settlement as a whole is still subject to the baneful influence of Yalta. The system of Yalta survives in that if the Five Ministers for Foreign Affairs find themselves in difficulties, the Ministers of the Three Great Powers reserve the right to hold separate meetings. The French Government also protests against its exclusion from the settlement of Balkan and Eastern European questions on the pretext that France was not a party to the Armistice concluded with the respective countries. Moreover, although she has been invited to give her opinion when a peace Treaty with Italy is discussed, she feels that the invitation addressed to her is couched in rather casual (cavalier) terms.

/ 5...

AUG
6 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

E.O. REGISTRY

-2-

5. Official circles are, however, especially perturbed by certain tendencies in the Allies' policy towards Germany; the reconstitution of political parties in the late Reich seem to them to favour the maintenance of German unity, as does the re-establishment of a central administration. The Allies have even gone so far as to propose the title of Secretary of State for the high officials of the latter. There is talk of a German Central Government as though this were a decision to be taken tomorrow.

6. With regard to reparations, France will take her place next week on the Moscow Commission. This is all very well; but in face of the results which have been achieved in this question, she regrets that she was not consulted earlier. However, better late than never"

Ends.

7. General Press feeling appears to be that considerable progress has been made at Potsdam towards recognition of French rights. From this point of view there is general satisfaction. On other hand points which give rise to alarm are Allied proposals for (a) re-establishment of centralised German State and (b) reparations. Under scheme for latter, it is believed that France in view of the character of her zone of occupation will receive practically nothing.

[U 6103/3628/70]

2/68

No. 4.ii

124
FOREIGN OFFICE, S.W.1.

U 6103/3628/70

August 16th 1945.

Would you please refer to Paris telegram No. 1073 and Paris despatch No. 855 of August 7th, covering a note from the Quai d'Orsay enquiring whether there are any decisions reached at Potsdam of which they are unaware.

I enclose a copy of the Protocol of the Potsdam Conference in case you have not already had one. As you will see, decisions were taken on certain subjects additional to those mentioned in the communiqué or the communications made to the French Government by the three Powers. We have no wish to conceal any of these decisions from the French. Indeed, they ought to be aware of several of them as they are to be members of the new Council of Foreign Ministers, and, though the decisions about the German Navy and merchant marine will not be welcome to the French, our consciences at least are clear as we did our best to obtain a share for them.

We cannot, however, very well give a copy of the Protocol to the French Government without consulting the U.S. and Soviet Governments, and that would take time and we might even run up against objections. I therefore asked Brandfort of the French Embassy here to come and see me, and I gave him a copy of the Protocol to read and allowed him to make notes of the points which have not been published. He will, no doubt, in due course make a confidential report to his Government.

We do not propose to send an official reply to the French note under reference, but you may like to tell the Quai d'Orsay of the action that has been taken.

(Signed) Hood

P.W. Scarlett, Secy.

49069

[Z9639/13/17]

No. 4.iii

C-9659

68 2/69

Anglo-French Relations, & a "Western Group"

The Foreign Office have for some considerable time past been in favour of the formation of some kind of "Western Group" among the nations of North West Europe, and of the conclusion, as a first step, of some kind of a Franco-British Treaty. The Foreign Office felt that British interests would clearly benefit from such an arrangement - strategically because we should be provided with a system of defence in depth, politically because in associating with the Western countries (and the Dominions) we should be better able to hold our own in comparison with the U.S. and the U.S.S.R., economically because close economic and commercial ties with Western Europe would greatly strengthen our own position. The Chiefs of Staff supported the idea from the military point of view and our Ambassadors in France and Belgium also favour the proposal. There was considerable support for the idea of a Western Block in certain sections of opinion in this country. A strong body of opinion in France warmly favoured the conclusion of a Franco-British Treaty, and there were indications that the Governments of Belgium, Holland and Norway - especially the former - were sympathetic to the general scheme of a Western Group.

Nevertheless it has so far proved impossible to make any progress in the direction of the Western Block or even in the more limited direction of a Franco-British Treaty. This was due partly to the difficulty of going very far, in advance of the setting up of the World Organisation; partly to the reluctance of the French Government to discuss a general Franco-British agreement until certain specific questions in dispute between our two Governments were settled first, and partly to the late Prime Minister's objections to the whole idea. These objections arose partly from difficulties caused by General de Gaulle, partly from Mr. Churchill's reluctance to see this country take the initiative in any approach to France, but mainly from doubts as to whether the Western Block would not entail more liabilities than assets for this country. Mr. Churchill maintained that France, Belgium and Holland were so weak militarily that an agreement with them would impose a great burden on this country which would be compelled to maintain large forces mainly to defend these countries; he dismissed the argument about "defence in depth" by claims that the best way to defend the U.K. was to strengthen our own air and sea defences; he did not seem to attach great importance to the political and economic arguments in favour of the Western Block Group.

The past history of the case is set out fully in the memorandum at Flag A. A shorter version is at Flag B. The ~~report~~ is that so far no progress has been made.

It is submitted that with the change of Government further efforts should be made to make some progress. The general arguments in favour of the establishment of a Western Group seem as strong as ever; the San Francisco Charter definitely envisages and indeed encourages such regional agreements; opinion in the Western countries and particularly in France is still in favour of the plan and indeed seems to expect the U.K. Government to take some

early/

early initiative; there is no good reason why either the U.S.S.R. or the U.S. should object; opinion in this country seems to want to see some closer relationship established with the Western countries, especially France; and time is running out and there is a risk that if we do not make a move soon we may lose our present prestige with the Western countries and the latter may be inclined to look elsewhere for support and assistance - an eventuality which would be very unfortunate for us.

It seems clear that the first step towards the formation of a Western ~~Block~~ must be the conclusion of a Franco-British agreement. Once this has been achieved, the smaller countries, Belgium, Holland and, later perhaps, Norway and Sweden and even others, can be brought in gradually. The awkward question of whether France or the U.K. should take the lead in the Western ~~group~~ ^{group} might also be avoided in this way. Politically, too, it is with France that it is particularly desirable to make haste to improve our relations. It is suggested, therefore, that we should aim at the early conclusion of a Franco-British treaty in quite general terms, based on mutual defence against German aggression - see Flag C.

Hitherto the French Government have declined to discuss the conclusion of such an agreement unless first of all we discussed with them two questions - the Levant and the treatment of Germany, with particular reference to the future status of the Ruhr and the Rhineland. The latest indication of General de Gaulle's views is that he would still insist on the prior discussion of these two problems. Indeed, in view of the developments in the Levant during the last few months it is difficult to see how we could hope to reach any general agreement with the French unless the Levant question were first got out of the way. Furthermore, both the Levant and the Ruhr questions will, as the result of the Berlin Conference, almost certainly be brought up at the Council of Foreign Ministers before very long. It seems clearly desirable to try to reach some agreement in principle over them with the French beforehand - otherwise we should simply play into the Russians' hands. Early talks with the French on these two subjects - and perhaps on others (such as the Italy Treaty) likely to come up at the Council of Foreign Ministers thus seem essential. It is therefore suggested that the Secretary of State should take an early opportunity of speaking to the French Ambassador, and after emphasising the new Government's desire to get on to closer terms with the French Government, should explain that the Levant and Ruhr questions will in all probability come up for early discussion at the Foreign Ministers' Council and that His Majesty's Government would like to discuss them (and any others such as the Italian Treaty) with the French Government beforehand in the hope of reaching Anglo-French agreement in principle. H.M. Government hope that the French Government will agree and will instruct M. Massigli to discuss these matters with the Foreign Office. Alternatively, if M. Bidault cared to come to London himself, this would be very welcome and would make it possible for the Secretary of State to give him a first hand account of the Berlin talks.

/The

The Secretary of State might then go on to say that if, as we hoped, A nglo-French agreement in principle could be reached on these questions of the Levant and the Ruhr, this might pave the way for the conclusion of some general Anglo-French Treaty.

If the Secretary of State decides to mention this matter to the Cabinet it would, it is suggested, be useful if he could emphasise the political desirability of the Supply Departments - Ministry of Food particularly, - doing all they can to help the French and the other Western Allies during the coming winter. It is virtually certain that we shall be asked by French - and perhaps the Belgians and Dutch - to help them out over food, raw materials, transportation equipment, coal etc. during the next twelve months. Hitherto such appeals from the French have not always met with as much response as we should have wished - more particularly from the Ministry of Food, who, in the Foreign Office view, have always seemed to be unduly concerned to conserve the U.K. stocks at a high level. During the last few days the Ministry of Food have been much more forthcoming, and it is to be hoped that they and other departments will continue to stick to this line. While it is not of course suggested that we should go out of our way to volunteer extra supplies to the French, it is felt that a generous response to any requests that the French may make will be well worth while from the political point of view. Indeed, an ungenerous attitude on our part might well seriously affect our long term relations with the French and make the latter disinclined to pursue the idea of a Franco-British Treaty. It seems likely that in present circumstances the French are more likely to be influenced by a helpful British attitude over the short term question of supplies than by longer term considerations of Franco-British trade. The present rate of exchange makes any expansion of this trade difficult in the near future, nor are we in a position to say much to the French about our longer term commercial policy until H.M. Government have clarified their own position in respect of Article VII of the Anglo-U.S. Lend-Lease Master Agreement.

FOREIGN OFFICE, S.W.1.

August 6th 1945.

L. K. H. - M. K. H.

O. K. H. - M. K. H.

*I have chosen
to write this
in the P. M. office*

Aug 6

This was discussed by

200/100

at a meeting on

*Aug 13th. of which a
summary has been circulated*

13.10

45694

[UE 3686/813/53]

No. 4.iii

2/72

With Mr. A.E. Welch's compliments. *Ente*

C.R.T. 3210/44

Board of Trade,
Millbank,
S.W.1.

31st August, 1945.

Dear Fraser,

Thank you for your D.O. of the 1st July about economic relations between the Western Powers. Since the meeting which you attended at the Foreign Office there has been a little improvement in the position at this end. Liesching saw the Americans last Saturday to discuss the next move in the Article 7 talks and told them quite bluntly that we were under strong pressure to have informal discussions with the Western Europeans and that he felt compelled to go some way to meet their wishes. Secondly, de Saily was, at his own request, received by Liesching yesterday afternoon on this same subject. de Saily opened his case in a rather narrow way, by suggesting that industries such as the motor car trade might come to some agreement whereby each side should concentrate on the production of a particular model and ensure that the other country agreed to import a certain amount of these each year. Liesching pointed out that arrangements of this nature would almost inevitably mean that the products of other countries were kept out and that the mechanism was retained to enable us to keep them out. All this would cut clean across the Article 7 principles to which we were committed and to which presumably the French Government was committed. Liesching referred to the fact recently announced that the Americans propose to hold an International Commercial Conference either in January or March of next year. de Saily suggested that next Spring was a long time to wait and Liesching, speaking entirely on a personal basis, suggested that

R. Fraser Esq., C.M.G.,
Commercial Department,
British Embassy,
Paris.

/the

No. 4.iii

the main conference might merely assemble for the purpose of signing documents which had already been largely negotiated elsewhere. In other words, he thought that the right line of development might be to start with an informal conference between about fifteen nuclear countries who would consider what were the main matters for discussion (tariffs, preferences, quotas, State trading, subsidies, exchange control, etc.) and which of these could best be handled multilaterally and which bilaterally or regionally. The next step would be for the various points to be pursued on the basis reached by the early discussions, with the hopes that by next Spring the International Commercial Conference might be able to meet with a good deal of agreement already reached. Liesching emphasised repeatedly that all this was simply the way in which his own mind was moving and that anyway the officials could do nothing until we had had an opportunity to receive some sort of blessing from the new Government as to the line of our approach.

de Saligny seemed very pleased to have been told so much. I expect he will be reporting it back to Paris so you ought to know how matters stand.

I am sending a copy of this to Toseland.

Yours sincerely,

Sgd. A.E.Welch.

45731

[UE 3683/3683/53]

No. 4.iii

UE 3683

13 AUG 1945

2/74

The Secretary of State met today the Chancellor of the Exchequer and the President of the Board of Trade. Sir Wilfrid Eady, Sir Percivale Liesching and Mr. Hall-Patch were present.

The Secretary of State explained that he had in mind the following programme.

Greece: Italy: Poland: Levant and France (which ran together): and Scandinavia.

He wished to push on with the outstanding problems in these countries simultaneously with the end in view of establishing, as far as possible, workable understandings with a group of friendly countries around Germany. Hungary could not be included at present but some understanding there might be possible in time. He did not wish to talk in terms of a Western Bloc which would upset the Russians, but he wished to settle outstanding points and establish closer relationships with the countries he had mentioned.

He wished to know if the Treasury and the Board of Trade could give him any assistance in reaching these political objectives? As regards France, for example, would it be possible to offer any commercial inducement which might ease political discussions?

It was pointed out that, in the case of France, it was impossible to discuss any long-term commercial arrangements until the Article VII discussions with the Americans had made further headway, and that, in any case, the present rate of the French exchange was so unrealistic that serious commercial discussions, even for short-term arrangements, were difficult.

Sir Wilfrid Eady explained that the Treasury had been in continuous contact with the French over the last four years and had been giving them such assistance as was possible, and had concluded a financial agreement with them some months ago. Unfortunately this Agreement was rather out of balance, as the French were making large purchases here, and had nothing to offer in return but goods of luxury nature e.g. wine, scent, jewellery, etc.

Until the coal and transport situations were better and the rate of exchange was adjusted, it was unlikely that any large commercial exchanges could take place. It was hoped that the coal situation would have improved sufficiently in the autumn to enable industry to re-start in a very modest way. Thereafter more serious talks on commercial exchanges might be possible.

The Secretary of State said he quite understood the difficulties of making any long-term arrangements, but he hoped the Treasury and the Board of Trade would do whatever they could on short-term and in small ways to ease the present situation, so as to prepare the way for a long-term policy.

It was agreed that the Treasury and the Board of Trade would consider the possibilities of making a small increase in the purchase of French wines. They would in any case keep in constant touch with the French and help them as much as possible in their short-term difficulties until more serious discussions were possible.

Sir Wilfrid Eady and Sir Percivale Liesching then outlined the

state/

49111

[Z 9283/103/17]

No. 4. IV

2/76

238

[This telegram is of particular secrecy and should be retained by the authorised recipient and not passed on]

[EN CLAIR]

CABINET DISTRIBUTION
FROM PARIS TO FOREIGN OFFICE

Mr. Duff Jooper
No. 402 SAVING
6th August, 1945.

D. 6th August, 1945.
A. 2.25 p.m. 8th August, 1945.

SSSSS

In conversation yesterday the Minister of Labour expressed himself more optimistically with regard to the immediate future than is usual among Ministers. He said that although the harvest had been very disappointing he thought it would tide over the food situation until the spring. He said also that coal output had increased slightly and that he was not alarmed concerning the supply of domestic coal during the winter.

2. M. Parodi is, in my opinion, one of the most sensible members of the Government, and despite the difficulties of his office he has been more successful than most in escaping criticism.

Z 9283

2 AUG 1945

1945

No. 4. iv

Z 9283

2/77

9 AUG 1945

Registry Number : Z 9283/103/17

TELEGRAM FROM
Mr. Duff Cooper
(Paris)

No. 402 Saving

Dated 6th August

Received in Registry 9th August
1945

Z : France

Mr. Parodi's views on the food and coal situation in France.

Reports conversation with Mr. Parodi, Minister of Labour, who expressed himself optimistically concerning the food and coal situation in France during the coming winter.

Last Paper.

Z 9213

References.

(Print.)

(How disposed of.)

(Minutes.)

I fear this telegram may be used against us in discussions with other Depts. about French needs. M. Parodi was surely being over-optimistic: France is not yet within sight of exit from the wood.

J. S. Simpson 9/8

Supply Relief Dept.

Ec. Rel. Dept. A.A.R.
14/8H. H. H. H. H.
9/8

It is rather difficult to see how the French Government this year can tide over the food situation until the Spring, that is, unless M. Parodi means there will be nothing left by the Spring. Unless previous estimates have all been incorrect France will be short of 1 1/2 million tons grain this year without the help of imports.

22175 241 F.O.P.

(Action completed.)

(Index.)

2/8

22/6/46
JAW

Next Paper.

C. H. H.

H. S. H. H. H.

Jawraign 17/8

4912

[Z 9651/103/17]

No. 4.iv

21

2/18

[EN CLAIR]

SPECIAL (ECONOMIC, SUPPLY & RELIEF)FROM PARIS TO FOREIGN OFFICEMr. Duff Cooper,
No. 418 SAVING

17th August 1945

R. 5.30 p.m. 19th August 1945

Repeated to H.M. Consular Representatives in France No. 56
Circular SavingECONOMIC SUMMARY NO. 7.

Z 9651

20 AUG 1945

GENERAL.

1. For the first time in many months it is not altogether without justification to introduce a note of guarded optimism in reviewing the supply situation. It looks as if, with recent developments regarding food and coal, the French may be able to get through their most acute difficulties during the next few months. But at best this only means that the present meagre rations may be maintained and there may be some minimum provision of coal for domestic consumption during the winter.

2. Unfortunately the French are tending to show their mercurial nature and seem to be riding on a wave of optimism, succeeding the recent trough. Thus M. Pleven announced on 7th August that the battle of the coming winter was won. He based this on assured supplies of 400,000 tons of coal per month from the United States of America and on the directive regarding the export of coal from Germany, which he construed as an obligation to provide 10,000,000 tons of coal to Western Europe before local needs in Germany are met. As neither of these sources of supply can be regarded as absolutely certain, M. Pleven has once again overstressed the bounds of caution. His optimism also ignores the effects of the drought, which has so far continued without relief.

3. M. Pineau^{can} has confirmed in Washington the good impression which he had made in Paris and returns with agreements on allocations of fat and sugar, which should ensure the maintenance of the present rations of these vital foodstuffs. It is indispensable that agreements entered into should be punctually and amply carried out if serious troubles are to be avoided.

FOOD.

4. The sugar sub-committee of the Combined Board has decided on the allocations for 1945. The allocation for Metropolitan France covers minimum requirements based on the present ration of a pound a head a month; but in practice it will be impossible to obtain arrivals during 1945 to meet current demands. This being so negotiations were begun between the Ministry of Food in London and the French Ministry concerned for the loan of 50,000 long tons of refined sugar immediately available for shipment from England. They have succeeded and the flow will start at once. The French will repay this loan out of their allocation of raw sugar from the Caribbean. As to fats the position is not dissimilar. Agreement

on/

F.O. REG.

-2-

on the Oils and Fats Committee of the C.F.B. has got to such a stage that it has become possible to arrange a loan of finished fats from the United Kingdom against later replacement of the raw material. The United Kingdom has made 10,000 tons of margarine available at once and against this the French will hand over the equivalent based on oil content in ground nuts of the French allocation from India. The United Kingdom has also undertaken to let the French have the equivalent in cattle cake, so that they will not be losers in this respect.

5. Meat prospects have brightened. It now seems likely that there will be a reasonable quantity forthcoming for the third and fourth quarter. It also seems likely that the French will be satisfied to let the United Kingdom sign the meat contract with Argentina, accepting allocations from the C.F.B. as their share, or if international allocations cease, an agreed percentage of the Argentine output.

6. As to food production in France, there is little to encourage hope. No figures are yet available, but it is clear that the original forecast of a poor wheat harvest will turn out to be accurate. The drought, the fourth in succession, has particularly affected the potato crop and has again hindered meat production, although the immediate meat situation has improved through the burning of grass owing to lack of water, as the producer will sell at once rather than see his animals lose weight. This, of course, will result in serious difficulties later in the year when stock will not be available for slaughter.

7. The drive against the black market continues with the steady elimination of the worst offenders in most branches of the food trade. For some time discussions have been going on between the Ministries of Food and Agriculture about schemes for the production and distribution of foodstuffs, including reconstruction of prices and the introduction of subsidies. The first step will be a new scheme for milk production and the announcement of a much higher price for the producer.

8. The relatively satisfactory developments in the supply field, coupled with the Anglo-American offer to admit the French to the Meat Committee of the C.F.B. as well as their admission to the Combined Advisory Committee of the C.P.R.B. and the setting up of the broader based Combined Rubber Committee of the C.R.M.B. seem to have appeased for the time being French complaints about the Combined Supply machinery and pressure for admission to membership of the Combined Boards.

51475

[UR 2639/1857/ No. 4. iv
1945 1945 1945]

this copy

this copy

2/80

MINISTRY OF FOOD

THIS DOCUMENT MUST BE PARAPHRASED IF COMMUNICATED TO ANY PERSON OUTSIDE THE
BRITISH OR UNITED STATES GOVERNMENT SERVICES

SECRET

CABLE IN

COPY OF CABLE FROM BRITISH FOOD MISSION DATED 7.8.45.

MOST IMMEDIATE

INDEXED

MAZE 5469

For Broadley and Hutton from Reil.

Repeated to B.A. for Turner. French Meat.

1. Please telephone me tomorrow Wednesday 9.30 am our time.
2. Pineau arrived last night and we met him and Monnet this afternoon, they having had preliminary discussions with Americans this morning. We discussed as distinct but not separate questions (A) Argentine contract and French share therein and (B) Arrangements for remainder 1945.
3. As regards (B) see by immediately following cable. As regards (A) Pineau is willing to agree to UK being sole buyer and agrees substantially scheme outlined your X5795 ^{UR 2748/1857/1857} with provisos noted in following para. In other words Pineau is willing to drop all idea of (co-signature ?), to agree to CFB Meat Committee suitably enlarged allocating all supplies and regardless of percentage share of Argentine contract which we may agree to give to France to some suitable mechanism continuing even after CFB has come to end, and also that this scheme come into operation January 1st 1946 subject to satisfactory arrangements being made as regards supplies of meat for balance 1945. He has two provisos, (A) He wishes our representative in Buenos Aires to keep in close contact with French purchasing Mission regarding deliveries, quantities, loadings, etc. and suggested, though did not press, for establishment of a local committee of interested parties to keep an eye on implementation of contract. (B) That percentage share in Argentine contract to France is agreed here and now subject however to its being superseded by whatever allocation France receives so long as system of combined planning continues. Question of percentage proved chief stumbling block and took us three hours of discussion. Pineau and Monnet agreed that percentage was a matter of insurance to them in case of breakdown of system of combined planning. They also desired

STATE 5469 (contd. 2.)

...that as *prima facie* evidence of share they would get from Argentina which they consider necessary in order to make their commercial and financial arrangements with Argentina. They stated that they did not desire a percentage which would insure for them their minimum import requirements exclusively out of Argentine supplies and on this basis after such discussion asked for 13%. This on assumption that exportable surplus is 900,000 tons would give them about 120,000 tons as against a total import requirement for 1946 to about 200,000 tons. They asked why percentage could not be made to apply to Argentina and Uruguay contract jointly in which case they would come down to 12% of combined total.

4. I offered 7 and half percent as a minimum and said that if it would help Pineau to agree at once so that suitable telegrams could go to Buenos Aires I would be willing to say "not less than 7 and half and not more than 10". However it was impossible to shake them and I am certain that it is principal point on which early agreement to whole scheme will turn.

5. Main reason why percentage has assumed such importance for French seem to be that Pineau has come back convinced that our buying policy in South America, for reasons which may be perfectly sound from our own point of view, is not resulting in maximum supplies coming forward for export (A) because of types we encourage and (B) because in some instances our price policy is wrong. As example of (A) he mentioned that Uruguay has offered him over next few months 40,000 tons ofutton which he claims are elderly animals probably caseous which we do not want. He claims that Turner was not surprised when he mentioned this quantity to him but produced some arguments as to why we are not taking this quantity ourselves but at the same time do not want it to be exported. He was however not very clear as to what these arguments were. As example of (B) he mentioned price of pork in Argentina which he claimed all his experts, and he thought Americans too, regarded as too low. Pineau and Monnet claimed to attach utmost importance to maximization of exports over next twelve months and their doubt about our policy was also responsible for their desire to have some local committee or at any rate local contact between their man and ours. Please advise me fully by most immediate cable on matter in this paragraph which may well become one of combined discussions with Americans.

6...

MAZE 5469 (contd. 3.)

6. I am lunching with Monnet and Pineau tomorrow and believe that if I can make them an acceptable offer on percentage point the whole thing may be clinched within next two or three days. I have used all the arguments that I know of against increasing the percentage and I realize that we might still dig our toes in and say that our offer regarding both Argentina and immediate supplies for next five months stands or falls as a whole and let Pineau go away without having reached agreement but unless you have very strong reasons to the contrary I think you should be forthcoming. In any case shall expect to hear from you tomorrow by telephone what I should offer and also basis on which you have determined what is appropriate share. Whatever your offer, say 10 percent (which?) I think may be reasonable it should be final whether it be here or in London. Obviously agreement here is preferable.

7. Pineau leaves here Friday and very probably will spend a day or two in London on his way to Paris.

Sent to:-

The Minister
The Parl. Secretary
The Secretary
Sir John Bodinham
Sir Henry Ridgath
Mr. Broadbent
Mr. G.R.P. Wall
Mr. Hutton
Mr. H.S.E. Turner
Mr. A.R.W. Harrison
Mr. J.C. Gardiner
Mr. S.H. Moore
Mr. Bernard Watson
Mr. J.E. Wall
Mr. Jones-Parry
Mr. Amos

Mr. Easterbrook
Mr. P.W. Martin
Mr. Starke
Mr. Carter
Mr. Motcalf
Mr. Harold Jones
Mr. Board
Mr. J. Cadbury (British Embassy, Paris)

Mc Wright

8.1.45.

08.55

AJS/JMP

51475

[UR 2393/857/851]

No. 4. iv 2393 1857 1951
1951

MINISTRY OF FOOD

THIS DOCUMENT MUST BE PARAPHRASED IF COMMUNICATED TO ANY PERSON OUTSIDE
BRITISH OR UNITED STATES GOVERNMENT SERVICES

SECRET

CABLE IN

INDEXED

COPY OF CABLE FROM BRITISH FOOD MISSION DATED 7.8.45.

MOST IMMEDIATE

AMAZE 5470

For Broadley and Hutton from Roll.

Repeated to R.I. for Turner. Mast for France.

1. Hutton will have reported to you details of plan we are working out on meat for Liberated Areas for second semester 1945. We will cable full details after meeting tomorrow afternoon with French, Americans and Canadians. As far as French are concerned they are still stoutly maintaining claim to 90,000 tons as against 60 plus which we contemplate offering. We have said to them that we might be able to do a bit more than 60 but if they insist on 90 whole scheme becomes impossible. I think that in the end we will reach agreement on this point. They have however as expected expressed desire for smallest proportion of canned meat particularly M and V stew and we have said that while there are limits to what can be done we will try and meet their wishes. However we have emphasized that in third quarter possibilities of varying proportions between types and sources are very limited.

2. There has been discussion this afternoon on French requirements second half 1945 in relation to prewar consumption. Figures produced by Americans and agreed by French for indigenous production and prewar consumption would indicate that allocation of 60,000 tons for second half 1945 would give French 64% of prewar consumption. However French request for 90,000 tons is not really based upon this kind of calculation but upon minimum ration which Pineau wants to maintain in cities making allowance for his policy of stopping or at any rate reducing slaughter of under-weight animals. Have you any comments.

Sent to:-

The Minister
Parl. Secretary
The Secretary
Sir J. Bodinnar
Mr. J. Cadbury
(Brit. Embassy
Paris)

Sir H. Adolph
Mr. Broadley
Mr. Hutton
Mr. A.R.P. Wall
Mr. H.S.E. Turner
Mr. Pearl

Mr. A.R.W. Harrison
Mr. J. C. Gardiner
Mr. S.H. Moore
Mr. B. Watson
Mr. J.E. Wall
Mr. Jones-Parry
Mr. H. Calf
Mr. Easterbrook
Mr. P.W. Martin
Mr. Starke
Mr. Barter
Mr. Harold Jones

8.8.45. 07.30 IC.

Mr. Knight

51475

OUTWARD TELEGRAM

[ue 2393/1857/851] No. 4.iv

put *mark*

Mr. *Turner* 2/84
15/8

2393, 1857, 851

[CYPHER]

GRUB

FROM MINISTRY OF FOOD TO BUENOS AIRES

No. 3116 GRUB X
9th August, 1945.

D. 4.55 p.m. 9th August, 1945.

[] [] []

MOST IMMEDIATE

For Turner. *Meat*

The following has been sent to B.F.in. Washington as Amaze X5838.

To Roll from Broadley.

Your 5478, 5479, 5480. Meat for France.

1. Have no comments on your letter to Pineau. Paragraph 6 of that letter raises a matter we shall have to clear with Argentine Government. Contract for whole quantity will be with United Kingdom. Therefore Argentine Government will look to us for payment in event of any default on part of countries to which we have hypothecated part of our supplies. Presume Argentine Government would be willing to agree to transfer of our liability to the country to which specific amount was hypothecated (either by fixed percentage or in consequence of C.F.B. allocation) and that we should equally be covered in arrangements with France and other countries concerned.
2. Have further considered question of percentage share in Argentine contract to be guaranteed to France. As explained by telephone, we must recognise that any concession made to France in this matter will probably have to be applied to other countries. We must therefore fix overall percentage we should be prepared to hypothecate to cover all liberated countries' needs. Maximum we feel we could safely promise would be 17½ per cent, but if it made all the difference to concluding the Argentine contract or not concluding it we would be prepared to go so far as 20 per cent. The share of France in this overall percentage must be determined on basis of formula (to be devised) which operated equitably over all claimants. We hope therefore that you will be able to persuade French to agree to our original proposal that however the formula works out we undertake that French share shall not be less than 7½ per cent. If, however, by increasing this minimum percentage to 10 per cent you can secure complete agreement of French to all outstanding points, we would go to this figure. It would, however, mean that balance available for guarantees to other claimants could not exceed a further 7½ per cent or at the very most 10 per cent.

3.

- 2 -

3. Sincerely trust that you will be able to persuade French and Americans to drop any proposal that contract shall be for shorter period than 4 years. To propose a contract for 2 years would now mean reopening all the considerations we have had to take into account in proposing a long term contract. Some of the considerations which apply to a 4-year contract would not necessarily apply in same degree to a 2 year contract.

4. We shall be cabling you separately regarding criticism embodied in paragraph 5 of 5469. New prices we are having to concede to Argentina under proposed contract are, however, so generous that there should no longer be any criticism against us on this ground. With regard to statement regarding Uruguayanmutton you will have seen Turner's cable No. 491 of 8th August repeated to us as Grub 3289.

5. We are fully satisfied at arrangement proposed in 5480 regarding allocation of meat to France for balance of 1945. Hope meeting of Meat Committee will now be able to determine allocations to all claimants. We are being particularly pressed by Belgians here regarding their own position.

6. We will postpone decision on price referred to in paragraph 5 of your 5479 until Friday, but hope to hear from you as soon as possible that all outstanding points have been settled with French. This will enable us to clear outstanding price questions with Argentines.

7. Meat and Livestock Division assume you will be able to arrange with French and others to accept their pro rata share in form of canned meat which we must take as this is part of normal output of any plant.

O.T.P.

51460

[UR 2878/1590/851]

No.4.iv

Minutes.

UR 2878

2/86

Mr. Wraight and I saw Mr. Wall to-day to conduct a general reconnaissance on the food front and, in particular, to find out how matters stood with the French.

The position at the present time is, we were told, as follows:-

1) Sugar. (a) The Americans at our instigation have agreed to increase the French allocation to 350,000 tons of raw sugar from 290,000 tons.

(b) We have agreed to lend the French 50,000 tons to be replaced from their Caribbean, i.e. Cuba, allocation. We have refused to accept replacement from Reunion. Wall does not expect, however, that the French will, in fact, be able to lift anything like their whole quota from Reunion and expects that we shall have further difficulty when it turns out they cannot. There seems to be nothing to do about this at present since the French seem satisfied with the position as it is left by the exchange of correspondence between Hutton and Monnet. The latest telegram on all this is Amaze X 5796.

On the whole the position on sugar seems not unsatisfactory.

2) Fats and Oils. The position here is bleak. The American lard situation has deteriorated and we have had our hoped-for allocation of 144,000 tons of lard cut to 103,000 tons. The Allies have suffered corresponding cuts.

The French wanted a loan of 10,000 fats per month for 3 months. Ministry of Food originally offered only 3,000 tons in all subject to a cast-iron guarantee that our United States lard allocation would not be cut. The latest is that Ministry of Food have offered 10,000 tons in all - 5,000 tons now and 5,000 in a month's time - to be replaced by groundnuts from West Africa or India i.e. sources under our control. They have dropped, wisely, the firm guarantee.

This offer is better and the Ministry say that they now really have a strong case for not releasing more since our stocks will fall by 350,000 tons by the end of the year and we will have less than 15 weeks in hand which are needed for operating purposes.

The real ^{grievance} ~~guidance~~ of the French in this connexion, however, seems to be that the sources they are allocated are so difficult. They would have enough if they could lift it. The Ministry of Food have been similarly displeased and seem to have done quite well by getting their replacements from sources under our control.

The latest offer is in Amaze X 5796 to B.F.M.

NOTHING TO BE WRITTEN IN THIS MARGIN.

all B

31/

- 3) Meat. The position here is contained in Amaze X 5795 which gives the terms of our latest offer of 88,000 tons carcase weight. This offer with United States availabilities should give liberated areas over 200,000 tons of meat for the second half of this year. Of this the French should get 60,000 tons - perhaps more. They asked for 20,000 tons a month, but indicated they could get by on 10,000 tons. This 60,000 should give them something like 15,000 tons a month for the rest of the year which should, Wall feels, be adequate. This offer and the United States availabilities have still to be allocated. Wall hopes this will happen in the next fortnight and that it should take care of the rest of the year.

all? C

The Argentine meat contract, however, is much more important. This is still hanging fire. We have said to the French that we would give them a share of the contract if their C.F.B. allocations broke down, but we would not regard mere dislike of allocations on their part as a break-down. Nor would we give them a definite percentage except in the case of the demise of C.F.B. when we would give them 7½%. It is not clear what has happened on this, but Pineam is due in Washington to-day and it may be possible to come to some conclusion.

If the meat contract is concluded it is hoped to hold a big jamboree at the beginning of October to make allocations for 1946.

Thus the Ministry of Food have come some way from their previous stone-walling and there would seem to be a good chance of fixing up these three immediate questions of sugar, fats and meat on the basis of their latest offers. There remains, however, the fundamental problem put in Mr. Wyndham White's minutes of the Ministry's general approach to the idea of helping out our Allies by being prepared to do swaps freely, treat them equitably etc. I think we shall still have to tackle the Minister of Food, but the tactics seem to me to be important. Given that the present cases can be settled, if we wait for another case to arise before approaching him the subsequent arguing between departments may take time and cause just the sort of delay and friction with the Allies we deplore. On the other hand, an agreement in principle on the part of Ministry of Food to behave may be worth very little in face of a concrete or difficult case. Further, I understand that the new Minister has some extremely difficult domestic problems involving reductions in rations, quite apart from meat, to face immediately. The present may thus hardly be the best time to face him with requests on behalf of third countries, even though they are our Allies. Another

point/

NOTHING TO BE WRITTEN IN THIS MARGIN.

point has also been made. The 88,000 tons of meat has been offered without ministerial approval.)

It appears highly unlikely that it can be bettered in present circumstances. It may, therefore, be better to lie low till the offer is clinched in Washington lest it be jeopardized at this end. Whether or not the Argentine meat contract is satisfactorily concluded is also a very important point.

It would seem, therefore, wiser in all the circumstances to hold our hand for the next week or so before we decide whether to ask the Minister of State to pass on the memorandum in Mr. Ronald's letter of 25th July to the Minister of Food. In the meanwhile we should, of course, watch the situation to provide ourselves with as much ammunition as possible to support our case if and when we enter the fray.

C. T. Cuneo

8th August, 1945.

This is a useful note which I think Mr. Ronald will wish to see.

I agree with Mr. Cuneo that we ~~our~~ should not choose this moment to pick a quarrel with the new Minister of Food. There is no firm ground to fight on. Our main dissatisfaction is on "general attitude". It is not certain how far this was a reflection of Mr. Leavelle's own attitude, and it seems to me that all we can do at this stage is to preach liberal-~~ism~~-ism at all the levels we can reach. If the Minister of State could at some convenient moment have a general talk with Sir Basil Smith and discover his attitude to the problems of N.W. Europe I feel sure this would help.

I think Sir Basil Smith will certainly help us in this.

W. O. O. O.
11.9.

Western Dept 11/9/45

Mr. Ronald

Box in 10 days

W. O. O. O.
13/11/45
9/8/45

NOTHING TO BE WRITTEN IN THIS MARGIN.

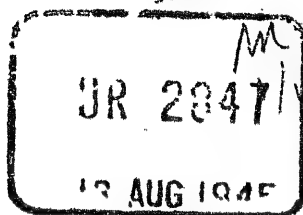
51459

[UR 2847/1590/857] No. 4.iv

2/8



TELEPHONE
WELBECK 3500



Ministry of Food,
Portman Court,
Portman Square,
London, W.1.

10th August, 1945.

Dear Ronald,

Thank you for your letter of 25th July (U.R.2394/1590/851) enclosing a memorandum on the subject of the Combined Supply Organisation and the European Allies. French and I have now been able to discuss the whole question with Sir Ben Smith. This letter has his approval.

In the first place we agree in principle as to the necessity for assisting the liberated countries of Europe and of convincing them that they are obtaining an equitable share of available supplies. My Minister is, however, anxious that such assistance shall not fall disproportionately upon this country or involve any further reduction in our levels of consumption. The cuts which were introduced during the past summer aroused much criticism and discontent amongst the public and while they have not resulted in actual malnutrition they have involved real hardship in some cases. My Minister is accordingly anxious to remove these cuts as soon as possible.

Nevertheless he is prepared to re-examine the position of each commodity to see how far additional supplies can be made available for liberated countries. As you know we have informed the C.F.B. that for the last six months of this year we are prepared to make available from our stocks and our expected supplies no less than 88,500 tons of meat (carcase weight equivalent) for allocation to liberated countries.

N. B. Ronald, Esq.,
Foreign Office,
Downing Street,
S.W.1.

/In

In addition we are lending France 50,000 tons of sugar and 10,000 tons of margarine against replacement in the form of raw materials later in the year. In the case of both these commodities our level of consumption and stock position are such that a further cut to assist liberated areas is not possible.

Our policy is, and will be, to consider the case of each foodstuff on its merits and make such contribution as we are able to European countries. Such contributions must, however, be part of general arrangements in which other supplying countries participate. Where, as in the case of sugar, we have an arrangement with the U.S.A. and Canada that the levels of consumption in the three countries are reduced to the same figure we should be prepared to consult with those countries as to the possibility of assisting liberated areas. Where, however, those two countries are enjoying a higher standard than the people of this country we should find it difficult to justify further cuts to our own people unless and until the people of the U.S.A. and Canada were prepared to come down to our levels.

We fully agree with you that if the present combined machinery works in such a way that European countries believe that they are being provided with inadequate and inequitable shares of the world supplies of food there will be a serious risk that they will break away from that machinery and themselves enter the market as competitors to ourselves and other consumers. The result, as you rightly point out, will

/bs

No. 4.iv



TELEPHONE
WELBECK 5500

Ministry of Food,
Portman Court,
Portman Square,
London, W.1.

-3-

be to increase prices and to reduce the supplies available for allocation by the C.F.B., involving, no doubt, a smaller share for the U.K. Indeed the U.K. would probably be the most serious sufferer from such a development.

While we are prepared to play our part in avoiding such a situation the sole responsibility cannot fall upon this country. I think we can claim that we have already made a material contribution to this end. It was this country which initiated proposals for including in the C.F.B. Commodity Committees representatives of European countries - proposals which the U.S.A. and Canada were at first slow to support. Our contribution of meat for liberated areas during the second half of this year, and our loans of sugar and fats to France are evidence of our willingness to render assistance, possibly at some risk to our future position. We have sponsored a scheme for the division of Danish supplies which denies to the civilian population of the U.K. any quantities until, at least, the spring of next year - except such amounts as must be shipped to this country on transport grounds. Even in the latter event the supplies do not mean a net addition to our available stocks, in that we have undertaken to make available to the countries or the Services to which the food has been allocated equivalent quantities of the same or similar foods which have arrived in the U.K. I enclose a statement of the plan proposed for dividing up Danish supplies. It is, of course, subject to C.F.B. confirmation.

We fully agree with you as to the importance of devising appropriate machinery in Europe for allocating European surpluses. In our view the E.E.C.E. is an appropriate organ for carrying out this responsibility. Unfortunately the U.S.A. is, at present, disposed to regard the inclusion of such a function within the

/scope

No. 4. iv

-4-

... scope of the E.E.C.E. as an undesirable extension of its proper duties and as likely to create misunderstandings with the C.F.B. We would not ourselves agree with this view. The whole question was discussed at the last meeting of the Food and Agriculture Sub-Committee of the E.E.C.E., and a paper has been prepared which it is hoped will remove American apprehensions and at the same time avoid delay in the allocation of European surpluses. A copy of the paper is enclosed herewith.

The proposed division of Danish food surpluses was negotiated with the other interested European countries at a special ad hoc meeting, outside the E.E.C.E., in deference to U.S.A. views on the subject of the scope of the E.E.C.E.'s functions.

... So far as joint contracts and co-ordinated purchasing from supplying countries are concerned we fear considerable practical difficulties would result if negotiations were in future to be conducted jointly by a number of purchasing countries. At the same time we recognise the desire of European consumers to be associated with long term contracts which affect their own food supplies. It may be that this problem will be solved along the lines set out in E.E.C.(45)16. No decisions have yet been reached by the E.E.C. itself on the proposals in this paper. I enclose a copy of the paper for easy reference.

While, therefore, I think you will agree that the policy we have been following is not out of line with the views expressed in your memorandum, we must enter the reservation that we cannot pursue it to a point which would entail further reductions in our present levels of consumption. Apart from that I would add the following comments in respect of the specific recommendations set out in the final paragraph of your memorandum:-

/ (a)

2/93

No. 4.iv



TELEPHONE
WELBECK 3500

Ministry of Food,
Portman Court,
Portman Square,
London, W.1.

-5-

- (a) We are continuing our pressure upon the Americans for the addition of the paying allies to the C.F.B. Commodity Committees. There is now evidence that the U.S. Administration accepts this plan.
- (b) Our action in providing 88,500 tons of meat for liberated areas in the last half of this year should, together with the U.S. contribution, go a long way to meet the most pressing needs of the countries concerned.
- (c) Our proposals for safeguarding for the future the supplies of meat for France should reassure that country. I enclose copy of Amaze X5795 setting out our proposals. This, and the plan now before the E.E.C.E., should remove most European doubts as to their future position.
- (d) The plan for dividing Danish food surpluses referred to above, meets your point. As regards using the E.E.C.E. in future to deal with such problems, we shall have to press the Americans to modify their present attitude.

Yours sincerely,

H. D. D. D.

WOL No. 4. iv

2/14/84

1571

D.O. 294

~~Joseph~~
My dear Harry,

AUG 1945

Typists
1 case copy
extract from
3-65
inclusive
marked X

My dear Halcy,

29433/103/17

13/8

2. As you know, the French need help over getting supplies of foodstuffs for immediate consumption so that they can maintain rations at their present level while stocks are being built up and products are being made from the raw materials which are now coming in. The most urgent item is sugar; fats too are urgent. Supplies of consumable fats must, if possible, be made available while the French are getting over difficulties in connection with processing imported materials. It is also important that they should be helped with imports of meat. Of course, these matters are all in hand; but as the negotiations have been so long drawn out, especially in Washington, we have had friction with the French who cannot understand why they cannot be helped quickly if they are being helped at all.

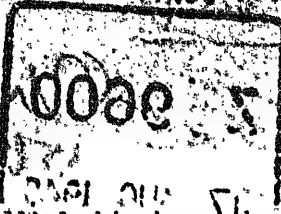
3 There is another shipping difficulty over and above what I mentioned in my letter of the 1st August. Shipments of goods from France to the United Kingdom will only be accepted by the Ministry of War Transport if the imports are programmed by a United Kingdom ministry and the application for shipping space is made by that ministry in accordance with the normal procedure for the programme of monthly shipments from all parts of the world. When this has all been gone through, the Ministry of War Transport have to decide whether or not there is tonnage to lift the goods in question and they will not accept the programming of goods until those goods are available at the port of shipment. Obviously this delays shipments to the United Kingdom which might otherwise be effected. As long as shipping is short and purchases are made on Government account, it could be argued that this procedure is reasonable; but the time is coming when it may be possible to make substantial contracts on a commercial basis and when that happens the procedure described will be bound to cause indefinite delay and will also land either the seller or the buyer in considerable expense so as to keep his goods available until the Ministry will accept shipment. It is, therefore, now for consideration whether the Ministry might not be pressed to simplify this procedure. Could they not set up some kind of schedule of regular sailings for the main ports of France and allow their representatives in France to accept tonnage if they are satisfied that a United Kingdom import licence is forthcoming and that a United Kingdom Government Department is the purchaser.

4 There is likely to be an increasing quantity of small shipments to the United Kingdom; and it is suggested that the Ministry of War Transport might make cargo space regularly available at stated intervals from one of the channel ports. The amount of space thus put aside would probably not have to be very large in the early days and it could be increased as necessary. At the present time there is no means of consigning small quantities of goods for private account.

5 Here is a third problem. The French have been offered 300,000 tons of coal for August landing from the U.S.A. in military tonnage and a further 100,000 tons in civil tonnage. The total calls for 46 liberty ships; but though both the coal and the ships are

available.

Cliver Harvey, Esq., C.B., C.M.G.



available, the allied shipping authorities, particularly W.S.A., are doubtful whether the French ports can receive this quantity in the one month of September. Pleven has given this import the highest priority over all other cargo; and Fischer, Director of Maritime Ports at the Ministère des Transports with Leviant of Economie Nationale are now in London whence they will go to Washington with the aim of persuading W.S.A. that the 46 vessels can be accepted. The French are considering numerous ways and means of reaching a solution without cancelling general cargo imports though they would actually be willing to take this drastic step in the last resort. They have asked the Ministry of War Transport to help them by finding shallow draft vessels to carry 60,000 tons of phosphate rock from French North Africa and 25,000 tons of pyrites from Cyprus at present programmed by the Ministry of War Transport for deep draft vessels. The shallow draft vessels could be sent to the small ports where they would not obstruct the 46 liberties carrying coal. The French attach tremendous importance to the import of the coal and any help the Ministry of War Transport can give them in the above as in any other manner will earn much gratitude.

6
In the past, it has been the custom for various members of the staff to write to their appropriate and, as it were, parent departments on these various matters. It seems to me, however, that without giving up the earlier practice it would be as well to canalise things into a correspondance between this Department and the Foreign Office who then have before them a continuous account of the difficulties under which the French are suffering and can, where practical suggestions are made, persuade other departments to take a helpful attitude. Do you agree?

Yours sincerely,
Ronald Fraser

4912

[Z 9600/103/17] No. 4.iv
OUT FILE

2/16

FOREIGN OFFICE, S. 1.1.

(Z 9600/103/17)

3rd September, 1945.

Dear Fraser,

Thank you for your letter 69/45 D.O.294 of the 8th August about ways of helping the French. Incidentally it took a week to reach me.

2. We have passed on to the Ministry of War Transport the suggestions made in paragraphs 3 - 5 of your letter and now await their reaction.

3. As regards the last paragraph of your letter, we feel that while you should keep us generally informed about developments, it would be better if we were not approached in regard to specific supply problems unless these involve political considerations or are of particular importance in themselves. Detailed questions should be handled in correspondence either direct between the Embassy and the Government Departments concerned in London or direct between Paris and the Official Committee on Supply Questions in Liberated and Conquered Areas Secretariat.

4. While on the general subject of French supply and other problems I should mention that the French may themselves be partly to blame if sometimes other departments do not appear to be as helpful and understanding as they might. We are inclined to think that many of the French here do not go out of their way to make themselves liked and to cultivate good personal relations with those whose goodwill is important and they do not always remember that they are not the only pebble on the beach. A telegram from Washington a few weeks ago suggested that the French there had also fallen down on this part of their job. If therefore you get a suitable opportunity, you might drop a hint that an increase in sociable enterprise, both here and at Washington, might pay the French well.

*Yours ever**F. R. Hoyer Miller
(for Harvey, who is away)*

Ronald Fraser, Esq.,
Paris.

51348 [JR 2957/24/850]

No. 4.v

Printed for the Cabinet. August 1945.

2/47

SECRET.

C.P. (45) 122.

18th August, 1945.

JR 2957

Copy No. 102

21 AUG 1945

CABINET.

ASSISTANCE FOR LIBERATED EUROPE.

MEMORANDUM BY THE MINISTER OF STATE.

IN the course of his speech of welcome to the Council of the United Nations Relief and Rehabilitation Administration, the Foreign Secretary said: "I should like to make it clear that His Majesty's Government stand behind U.N.R.R.A. and will do everything in their power to make it a success. We shall not do this merely because this country has played a prominent part in U.N.R.R.A. affairs in the past but for obvious, practical reasons. No one in this country can contemplate for a moment the conditions of distress and disease, of anarchy and bloodshed that will result if the liberated nations have to face the next twelve months without assistance." I am convinced from my contacts with people who come from the liberated countries that the Foreign Secretary's words are all too true, and that the time for action before the winter begins is very short.

2. I shall hope to make more comprehensive proposals for action as soon as possible. In the meantime, I invite my colleagues' assistance on the following two matters:—

- (a) We must provide a few key personnel for U.N.R.R.A. very quickly, if it is not to fail.
- (b) Transport is the most urgent single requirement in liberated Europe, and I suggest that we should turn over to U.N.R.R.A. and to paying governments in Europe the maximum possible number of vehicles from the Armed Services. We should also provide as much clothing as possible from supplies held for the Services against the needs of the Japanese war.

3. My reasons are as follows:—

(a) *Personnel.*—The reorganisation of the European end of U.N.R.R.A., which has been carried through by Commander Jackson, has made great improvements. U.N.R.R.A. has been saved from a collapse through incompetence. Jackson and his chief assistant, Colonel Katzin, have, however, worked themselves to a standstill in the process, and both of them must be relieved at once for medical reasons. So far, His Majesty's Government have not been able to provide the key personnel for which Jackson asked. Now that the war is over we ought to do so without further delay.

(b) *Vehicles.*—Of all the supplies needed by liberated Europe, I believe that vehicles should come first. All economic activity on the Continent is dependent on them and we cannot expect Europe to produce more food or distribute what it has without more transport. We ought now to be able to throw out from the Services immensely greater numbers of vehicles than we have so far contemplated. If a small committee could be set up immediately to consider and report back to the Cabinet upon the maximum number of vehicles which could be surrendered by the Armed Services, we would have a basis for discussion with U.N.R.R.A. and the governments concerned.

12884 [30378]

I should be grateful if the Committee could be instructed—

- (i) to consider all the possible sources from which vehicles may be obtained, including both the Armed Services and the Civil Defence Services;
 - (ii) to include not only Service vehicles on the Continent, but vehicles in Service depôts as well;
 - (iii) to consider the provision not only of "runners," but of "non-runners" as well, for repair in French, Belgian and other garages.
- (c) *Clothing*.—Many people are going to be very cold in Europe this winter, and battle dress or other Army clothing would be of tremendous value in seeing them through. Here again there should be stocks which could now be made available. I ask that these should be similarly investigated.

P. J. N. B.

Foreign Office,
18th August, 1945.

Printed for the Cabinet. August 1945.

SECRET.

Copy No. 58

C.M. (45)

26th Conclusions.

CABINET 26 (45).

*CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1,
on Thursday, 30th August, 1945, at 11 a.m.*

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister (<i>in the Chair</i>).	
The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.	The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.	The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., President of the Board of Trade.
The Right Hon. A. V. ALEXANDER, M.P., First Lord of the Admiralty.	The Right Hon. LORD JOWITT, Lord Chancellor.
The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.	The Right Hon. VISCOUNT ADDISON, Secretary of State for Dominion Affairs.
The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma.	The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.	The Right Hon. VISCOUNT STANSGATE, Secretary of State for Air.
The Right Hon. J. WESTWOOD, M.P., Secretary of State for Scotland.	The Right Hon. G. A. ISAACS, M.P., Minister of Labour and National Service.
The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.	The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.
The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.	The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.

The following were also present :

The Right Hon. JOHN WILMOT, M.P., Minister of Supply and Aircraft Production (<i>Item 1</i>).	Mr. P. J. NOEL-BAKER, M.P., Minister of State (<i>Item 1</i>).
Mr. W. G. HALL, M.P., Financial Secretary to the Treasury.	The Hon. Sir ALEXANDER CADOGAN, Permanent Under-Secretary of State for Foreign Affairs (<i>Items 1 and 2</i>).

Secretariat.

Sir EDWARD BRIDGES.
Mr. NORMAN BROOK.
Sir GILBERT LAITHWAITE.
Mr. W. S. MURRIE.

**Assistance for
Liberated
Europe.**

(Previous
Reference:
C.M.(45) 18th
Conclusions,
Minute 5.)

Personnel.**Vehicles.**

1. The Cabinet had before them a Memorandum by the Minister of State (C.P. (45).122) urging that assistance should be given to U.N.R.R.A. in terms of personnel, transport and possibly clothing.

The Cabinet first considered the question of personnel. It was agreed in principle that His Majesty's Government should make their due contribution towards the needs of U.N.R.R.A. for key personnel. There could be no question of U.N.R.R.A. being given an over-riding priority in respect of any particular individual; but, subject to that understanding, the Minister of State was encouraged to press upon the Ministers concerned the importance of making available the individuals for whom U.N.R.R.A. were asking.

The Cabinet next considered the question of assistance in terms of vehicles. They were informed that there were some 350,000 lorries at the moment under the control of Service Departments. The Minister of State said that as a matter of urgency he was anxious to secure 5,000 vehicles from Italy and 2,000 to 3,000 vehicles from the United Kingdom. As regards the longer-term problem, he was advised that before next summer 250,000 lorries would be required in Europe. He had suggested in discussion with a representative of the United States Government that we might aim at providing 100,000 of these, and there was reason to think that the United States might be prepared to contribute a proportionate scale. The principle to which he was anxious to work was that vehicles in running order should be supplied to non-paying U.N.R.R.A. countries and debited against our contribution to U.N.R.R.A. Vehicles not in running order should be assigned to paying countries which had garages which could rehabilitate them.

In discussion the following points were made:—

(a) The urgent need was for some assistance by the end of September. U.N.R.R.A. needed by that date 44,000 tons lift. We were prepared to provide 3,000 vehicles from Italy and 1,500 from the United Kingdom. Canada would provide 7,200, the United States 2,950. That left a deficit of 30,000 tons. Could we not dispose of this immediate problem without prejudice to our planning of the long-term arrangements?

(b) The Service Departments were in a position to help; and substantial numbers of vehicles were already being transferred to the Ministry of Supply for disposal.

(c) The Secretary of State for Burma said that in any global distribution the position of Burma should not be overlooked. Transport was essential to the restoration of civil government in Burma.

(d) The needs of this country, particularly in connection with housing, should not be overlooked in the review of the general position.

(e) We should verify that petrol would be available for any lorries which we might supply. We should also know whether we should be called upon to contribute towards the supply of petrol and spare parts for these lorries.

After further discussion the Prime Minister said that the issue was primarily one of disposals policy. He suggested that the Minister of Supply should put in hand at once a comprehensive over-all review of the position, to cover both British surplus lorries and lend-lease surplus lorries. All interested Departments should be associated with this enquiry. In the light of the report of this enquiry it could be decided by the Lord President's Committee how many lorries could, having regard to competing claims, be made available for U.N.R.R.A.

Clothing.

Clothing.—The Minister of State urged that there should be an investigation of the extent to which we could help U.N.R.R.A. by making clothing available from Army stocks.

[30692—6]

B 2

It was agreed that this was a matter for investigation under the authority of the Minister of Supply.

The Cabinet—

- (1) Took note that the Minister of State would pursue with the Ministers concerned the question of the release of key personnel required for service with U.N.R.R.A.
- (2) Invited the Minister of Supply to arrange for a review to be made on the lines suggested by the Prime Minister in discussion of the long-term requirements for surplus lorries and to report on this issue to the Lord President's Committee.
- (3) Asked the Minister of Supply to consider whether U.N.R.R.A.'s immediate needs of lorries could be met without prejudice to the long-term arrangements referred to in (2) above.
- (4) Asked the Minister of Supply to consider what supplies of clothing could be made available to U.N.R.R.A. from Army stocks.

UR 3136

SEP 1945

ECONOMIC CONDITIONS IN N.W. EUROPE.

The following is a very brief summary of the present⁺ economic situation in N.W. European countries based on the reports of responsible United Kingdom and United States Government officials. The per capita food consumption levels quoted are taken from Ministry of Food figures which are however provisional only.

FRANCE

The French harvest is likely to be the worst this year since 1940. The breadgrain crop is about 6 million tons against 8.7 million pre-war. With expected imports to the end of 1945, consumption levels compared with pre-war will be well below current United Kingdom standards, particularly in fats (about 44%, cf. United Kingdom 76%), milk (about 56% cf. United Kingdom 126%) and meat (about 64% cf. United Kingdom 72%). The French ration to-day provides 1,600 cals. and is not always honoured; rations under German occupation gave about 2,140 cals.

Coal supplies are grossly inadequate for industry and transport. More factories are having to close and industrial production is at one fifth of its potential. While diminished coal output (50% of normal) and the demands of Allied re-deployment has prevented the accumulation of winter reserves, imports are roughly only 20% of pre-war.

NETHERLANDS.

Flooding and German depredations estimated at over £60 million have left the country in a sorry plight. About 200,000 starvation cases were found on Allied entry and the infant mortality rate in some big towns was eight times normal. With expected imports, bread and sugar consumption will be better comparatively than in the United Kingdom, but milk (about 49% cf. United Kingdom 126%), meat (about 40%, cf. United Kingdom 72%) and fats (about 39% cf. United Kingdom 76%), consumption will compare most unfavourably.

People in Western Holland have been living without gas light or heat for the last six months and last winter were forced to use furniture for fuel. Gas and electricity supplies for public use are possible only on the smallest scale. No domestic coal allocation for next winter has yet been made, though one is hoped for. Coal production is about one third of normal and monthly imports are still less than 25% of pre-war.

BELGIUM.

The comparatively favourable ration situation built up early this year has not been maintained and the future position will be dictated mainly by the size of imports. Bread and sugar consumption compares favourably with our own but, milk and fats consumption is now both about 59% of pre-war (United Kingdom 126% and 76% respectively) although the Belgian fats ration per head is actually greater than ours. Meat supplies this year with imports are expected to total no more than about 60% of normal. (United Kingdom 76%).

Lack of coal is holding up the recovery of industry and even British Ministry of Supply orders placed in Belgium. No allocation of coal for domestic use has yet been made. Indigenous production is about half of normal and August imports totalled about 20% of pre-war.

LUXEMBOURG

The food situation is comparatively satisfactory; the main economic problem being lack of coal. The metallurgical industry, on which the economy of the Grand Duchy is based, is reaching a crisis caused by lack of fuel, and extensive unemployment is anticipated.

DENMARK

The Danish food situation is satisfactory, but to make a larger food surplus available for neighbouring countries imports of fodder are required. The Danes have asked for 300,000 tons of feed grain and 400,000 tons of oil-cake and oil-seed for the next 12 months. So far only 76,000 tons of oil-cake have been allocated.

Danish coal needs are as desperate as elsewhere. Domestic fuel and power rations are extremely short and the railway situation is worse than in Norway. July coal imports were very low being about 13% of pre-war standards; the August allocation is better at about 30% of pre-war.

No. 4. vi

NORWAY

The Norwegians are as short of food as the other Western European countries, and the present diet (including fish) averages about 1600 calories per day. Only half a pound of meat per person has been distributed during the past six months and indigenous production and expected arrivals to the end of 1945 will give a meat consumption level per capita of not more than about 24% of pre-war standards. (cf. United Kingdom level of 76% pre-war). Milk and eggs when obtainable are issued only to the sick and to children. With imports, the bread ration should be maintained at about 64 ounces per week (cf. Belgium 98 ounces, France 86 ounces).

Norway is entirely reliant on imports for her small coal and POL needs. The August coal and coke allocation is fairly satisfactory at about 65% of the pre-war average. While POL imports will total some 19,100 tons this month. Supplies of POL at just over this rate will it is estimated be sufficient to start essential oil-driven industry and make available a fish surplus of 600,000 tons.

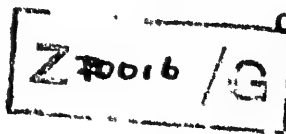
Printed for the Cabinet. August 1945.

SECRET.

C.P. (45) 134.

29th August, 1945.

Copy No. 52

CABINET.

ASSISTANCE TO THE FRENCH IN REBUILDING THEIR AIRCRAFT INDUSTRY.

MEMORANDUM BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS, SECRETARY OF STATE FOR AIR, PRESIDENT OF THE BOARD OF TRADE, AND THE MINISTER OF SUPPLY AND AIRCRAFT PRODUCTION.

DURING the last few months the French have made a number of requests to us for assistance in developing their aircraft industry, but for one reason or another the answers we have had to give them have not always been as favourable as we could have wished. We think that the time has now come to review the position and to see whether it would not be possible to give the French a greater measure of assistance than we have been able to do hitherto, since it is clearly in our interest both on defence and on economic grounds to ensure that the French should rebuild their air force and aircraft industry in substantial dependence upon us.

2. In February last, when the French first proposed that they should send a mission to this country and to the United States to study aeronautical production and development, the late Prime Minister ruled that no disclosures of secret technical information should be made to any of the Allies but the Americans pending further consideration. The result of this ruling was that an agreement was reached between ourselves and the Americans that the mission should be shown nothing of a secret nature, although it would be understood that any request it might make for specific secret information would be given joint consideration by the British and American authorities. No secret information was, in fact, imparted to the mission. The French were disgruntled by this treatment. Moreover, Mr. Churchill's minute not only had the effect of preventing our authorities from allowing the French air mission to inspect material on the secret list, but also had the effect of abruptly cutting off the small flow of information which had already been going to another French scientific mission under Dr. Rapkine, which had been in England since September 1944.

3. In a paper dated the 28th April the Deputy Chiefs of Staff raised again in general terms the whole question of the exchange of technical and scientific information with the French on defence matters, concluding with the recommendation that the Americans should be informed that our intention was to disclose information to the French "up to and including that graded secret" with a few exceptions and that they should be asked to agree that where equipment was of combined origin release of information should be made on the same basis. This paper was approved by the Chiefs of Staff but was not accepted by the late Prime Minister.

4. When the French air mission was here they made various requests to our air authorities not involving the communication to them of secret information. These largely related to permission to manufacture various types of aircraft, aircraft engines and equipment. But when the Minister of Aircraft Production recommended these requests to Mr. Churchill for his consent the latter, in a minute dated the 23rd June, again ruled that the present was not a suitable time to make further concessions to the French, although should our relations with them become more satisfactory there would no-doubt be an opportunity to reopen the proposals in question.

5. In the Annex to this paper we give a list of the facilities which we should like to make available at once to the French, the grant of some of which, though not of all, would involve the release of "secret" information. One of these proposals, viz.: that the French should be allowed to manufacture Mosquito VI's, has already been before the Cabinet in a memorandum by the President of the Board of Trade (C.P. (45) 101). There was some doubt whether from the American point of view this proposal was entirely free from Lend-Lease complications.

[30418]

This point has now been satisfactorily cleared between the Departments concerned and the Prime Minister has been asked, in accordance with the decision of the Cabinet on the 9th August (C.M. (45) 19th Conclusions, Minute 3), to approve the reopening of negotiations with the French and our telling the Americans that we are doing so.

6. While the French would be glad to manufacture Mosquito VI's, we know that they are very interested in the later development, viz., the de Havilland Hornet, and in view of the long delay which has occurred since the Mosquito project was first put forward in February last, we think that the French should be permitted to negotiate with the de Havilland Company for the follow-on manufacture of Hornets. Permission should, if necessary, be contingent upon the settlement of any residual Lend-Lease issues.

7. This matter is urgent since a mission is arriving from France on or about the 10th September to discuss the re-equipment of the French Air Force. We would therefore now like authority to do the following:—

- (1) Inform the Americans that we intend to disclose information of interest to the French aircraft industry "up to and including that graded 'secret,'" with certain specified exceptions to be notified to them, and ask the Americans to agree that where equipment of interest to the French aircraft industry is of combined origin release of information should be on the same basis.
- (2) Grant those facilities to the French which are listed in the Annex.

8. The Chiefs of Staff have seen this memorandum and concur.

E. B.
S.
R. S. C.
J. W.

29th August, 1945.

ANNEX.

PRODUCTION OF BRITISH AIRCRAFT IN FRANCE.

Sanction is sought to give the French:—

- (i) Permission to negotiate for the licensed manufacture of the Vickers Supermarine Spitfire together with its engine, the Rolls-Royce Griffon.
- (ii) Sufficient technical information to start experimental manufacture of jet engines in France, together with general installation data (but not manufacturing details) of the latest Rolls-Royce jet engine (defined for this purpose as the B.41) with, at a subsequent stage, arrangements for its licensed manufacture.
- (iii) Full access to data on 100/130 aviation fuel, together with the delivery of some quantity of it.
- (iv) In connection with the licensed manufacture of the de Havilland Mosquito, permission for the follow-on manufacture of the de Havilland Hornet.
- (v) The maximum possible assistance in the supply of industrial equipment and materials and with technical assistance, for the manufacture of the types decided upon by them.
- (vi) Permission to negotiate for the licensed manufacture of propellers, engine accessories and such instruments and radio and radar equipment as our technical advisers may consider desirable.
- (vii) The immediate use of various types of British aircraft. French squadrons are now being equipped with Spitfires, and it is thought that this policy could advantageously be extended to cover such other types of aircraft as could be made available and would be acceptable to the French.

[Note.—A favourable background exists in France for the extension of our industrial interests in the aircraft field by reason of the repair schemes instituted in certain French factories at the end of last year which have been sponsored by the Ministry of Aircraft Production and are being carried out under the guidance of leading British contractors. Under these arrangements Spitfires, Mosquitoes, Cheetah and Merlin engines and Rotol propellers, together with certain radio and radar instruments, are being repaired. A substantial part of this equipment is being used for the rearmament of the French Air Force.]

No. 4.vii

Printed for the Cabinet. September 1945.

SECRET.

Copy No. 58

C.M. (45)

27th Conclusions.

CABINET 27 (45).

CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1,
on Monday, 3rd September, 1945, at 5.30 p.m.

Present :

The Right Hon. C. R. ATTLEE, M.P., Prime Minister (<i>in the Chair</i>).	
The Right Hon. HERBERT MORRISON, M.P., Lord President of the Council.	The Right Hon. ERNEST BEVIN, M.P., Secretary of State for Foreign Affairs.
The Right Hon. ARTHUR GREENWOOD, M.P., Lord Privy Seal.	The Right Hon. HUGH DALTON, M.P., Chancellor of the Exchequer.
The Right Hon. Sir STAFFORD CRIPPS, K.C., M.P., President of the Board of Trade.	The Right Hon. A. V. ALEXANDER, M.P., First Lord of the Admiralty.
The Right Hon. LORD JOWITT, Lord Chancellor (<i>Items 1 and 2</i>).	The Right Hon. J. CHUTER EDE, M.P., Secretary of State for the Home Department.
The Right Hon. LORD PETHICK-LAWRENCE, Secretary of State for India and Secretary of State for Burma.	The Right Hon. G. H. HALL, M.P., Secretary of State for the Colonies.
The Right Hon. J. J. LAWSON, M.P., Secretary of State for War.	The Right Hon. VISCOUNT STANSFORD, Secretary of State for Air.
The Right Hon. E. SHINWELL, M.P., Minister of Fuel and Power.	The Right Hon. ELLEN WILKINSON, M.P., Minister of Education.
The Right Hon. ANEURIN BEVAN, M.P., Minister of Health.	The Right Hon. T. WILLIAMS, M.P., Minister of Agriculture and Fisheries.

The following were also present :

The Right Hon. JOHN WILMOT, M.P., Minister of Supply and Aircraft Production (<i>Item 4</i>).	Mr. JOHN PARKER, M.P., Parliamentary Under-Secretary of State, Dominions Office (<i>Items 1-3</i>).
---	---

The Hon. Sir ALEXANDER CADOGAN,
Permanent Under-Secretary of State
for Foreign Affairs (*Item 1*).

Secretariat.

Sir EDWARD BRIDGES.
Mr. W. S. MURRIE.
Lieutenant-Colonel M. R. NORMAN.

CONTENTS.

Minute No.	Subject.	Page
1	Future of Italian Colonies	68
2	Ceylon	69
3	Malaya and Borneo	70
4	Manufacture of Aircraft in France	71

[30725-1]

Manufacture
of Aircraft in
France.

(Previous
Reference:
C.M. (45) 19th
Conclusions,
Minute 3.)

4. The Cabinet had before them a Memorandum by the Secretary of State for Foreign Affairs, the Secretary of State for Air, the President of the Board of Trade and the Minister of Supply and Aircraft Production (C.P. (45) 134) making proposals for the grant of assistance to the French in rebuilding their aircraft industry. Annexed to the memorandum was a list of the facilities which it was proposed to make available at once to the French.

It was explained that one of these proposals, viz., that the French should be allowed to manufacture Mosquito VI's, had already been before the Cabinet (C.M. (45) 19th Conclusions, Minute 3), and that the question then raised with regard to Lend-Lease complications had now been satisfactorily cleared. The French, however, were also interested in the later development, viz., the de Havilland Hornet, and, in view of the long delay which had occurred since the Mosquito project was put forward, it was felt that they should be allowed to negotiate with the de Havilland Company for the follow-on manufacture of Hornets, subject to the settlement of any residual Lend-Lease issues. A Mission was arriving from France about the 10th September and it was desirable that the necessary authority to make facilities available to the French should be given at once. There would be no question of our having to finance these operations, which would be paid for by the French themselves.

The Secretary of State for Air said that he hoped that in making facilities available, Departments should not be tied down strictly to the terms of the Annex to C.P. (45) 134.

The Cabinet—

- (1) Agreed that the United States Government should be informed that we intended to disclose information of interest to the French aircraft industry up to and including that graded "Secret" with certain specified exceptions to be notified to them; and that the United States Government should be asked to agree that, where equipment of interest to the French aircraft industry was of combined origin, release of information about it should be on the same basis.
- (2) Approved the grant of the facilities listed in the Annex to C.P. (45) 134 to the French, on the understanding that Departments should have a reasonable latitude to vary the facilities granted.

*Cabinet Office, S.W. 1,
3rd September, 1945.*

[U 7010/14/70]

No. 4.vii

U 7010

BRITISH ASSISTANCE TO THE FRENCH AIR FORCE

Air Vice Marshal Dickson, presiding over a first meeting with the French Air Delegation at 11 a.m. in Seaford House, 37 Belgrave Square tomorrow, Tuesday 11th.

The latest information from the British Air Mission at Paris shows that the French will not now want to accept our full offer to equip and train 10 additional squadrons. This appears to be partly due to restrictions imposed by the French Finance Ministry and partly to arrangements which the French have now made with Americans. The latest intentions of the French Air Ministry are thought to be as follows:

(1) From the United Kingdom

Maintenance of the existing 10 or 11 British equipped squadrons and formation of three new squadrons with British Mosquitos.

(ii) From the U.S.

Maintenance of the existing 23 American equipped squadrons plus formation of two new squadrons with American aircraft.

The Air Ministry would very much like to have a Foreign Office representative at their meeting with the French tomorrow. There is no one I can send from Reconstruction Department. My own time is at present entirely taken up with the Council of Foreign Ministers which opens tomorrow. But I think it important that the Foreign Office should be at the meeting, to mark the interest we have taken in this scheme to help the French Air Force (the 10 squadrons offer was made to the French in an official note from Mr. Duff Cooper to the French Foreign Ministry). So I hope that the Western Department may be able to spare someone.

Western Department

Toward
10th September 1945

I attended the first meeting yesterday when the existing French programme was gone through in order that both parties should have a general idea of what the discussions were to be about. The points of interest which emerged from this meeting were the following:-

(1) ^{The} French air authorities are now ready to receive back in France all the units now in this country and a move will be begun very shortly.

(2) The French are likely to want us to form.....

NOTHING TO BE WRITTEN IN THIS MARGIN.

additional
form four initial ~~or~~ first-line squadrons (one reconnaissance and three fighter-bomber squadrons all to be equipped with Mosquitos) as well as two new second line squadrons.

(3) Finance will be a chief factor in determining what types the French will take from us; they think that the future of air fighting is so doubtful that it would not be worth their while to spend a lot of money on what have hitherto been regarded as slightly better types, e.g. they would probably take Halifaxes instead of Lancasters.

(4) They will want us to help them maintain their squadrons for a period of three years, after which time they expect that the French aircraft industry will have got into its stride.

General Hartmann, the leader of the Mission, hopes to be able to return to Paris at the end of the week with proposals to submit to the French Ministry of Air.

H. Humboldt

12th September, 1945.

Th. J. G. Mann

Many thanks.

SL Dept ^{RA 3/10} shd see entered

TGW

13/ix

NOTHING TO BE WRITTEN IN THIS MARGIN.

2-13/9

[47587/19/70]

No.4.vii

3/13

189

AMBASSADE DE FRANCE
À LONDRES.

655

3cc
plus

47587

Le Foreign Office a, sans doute, été avisé par le Ministère britannique de l'air, de l'heureuse conclusion des conversations qui ont eu, récemment lieu, entre autorités anglaises et françaises compétentes, au sujet des modalités d'acquisition et de transfert en France du matériel nécessaire à l'armée française de l'air et cédé à cette dernière par le Ministère britannique de l'air.

L'Ambassade de France est heureuse de faire connaître au Foreign Office que le Gouvernement français a donné son accord aux propositions auxquelles ces conversations ont abouti.

Elle saisit en même temps cette occasion pour faire savoir au Foreign Office combien le Gouvernement français a apprécié la largeur de vue avec laquelle cette affaire a été traitée par les services anglais compétents.

Londres, le 20 septembre 1945

FOREIGN OFFICE.

3/14
No. 4.vii

[No.U 7587/19/70.]

His Majesty's Principal Secretary of State for Foreign Affairs presents his compliments to the French Ambassador and has the honour to acknowledge the receipt of His Excellency's Note No. 625 of the 25th September, informing him that the French Government had approved the proposals agreed upon by the French and British representatives at the conclusion of their recent conversations in London about the supply of aircraft and equipment to the French Air Force.

2. Mr. Bevin was very gratified to learn that these conversations had reached a successful conclusion. His Majesty's Government for their part attribute this happy result in no small measure to the understanding with which the French representatives examined the proposals which were put before them by the British representatives.

3. As Mr. Massigli will be aware, the competent officials of the Foreign Office will shortly be engaged in concert with their colleagues at the French Embassy in drafting an agreement in final form for conclusion between the two Governments.

PALACE GREEN, S.W.1.

18th October, 1945.